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COSTS and RETURNS



**Commercial
Broiler
Farms
Maine,
Delmarva,
and Georgia**

1965

FARM COSTS STUDIES

This report is part of a continuing nationwide study of costs and returns on commercial farms and ranches by type and size in some of the important farming regions of the United States. The study is conducted under the general supervision of Wylie D. Goodsell, Farm Production Economics Division, Economic Research Service. Objectives, methodology, procedure, and terms are uniform for all areas covered in the study.

The 1965 costs and returns studies have been conducted on the following:

- Dairy Farms, Northeast and Midwest
- Corn Belt Farms
- Egg-Producing Farms, New Jersey
- Broiler Farms, Maine, Delmarva, and Georgia
- Cotton Farms
- Tobacco Farms, Coastal Plain, North Carolina
- Tobacco-Livestock Farms, Bluegrass Area, Kentucky
- Wheat Farms, Plains and Pacific Northwest
- Western Livestock Ranches

Summary statistics for all types of farms in the study are presented in a report, revised annually. The latest such report was published in 1965 and is titled: "Farm Costs and Returns, Commercial Farms, by Type, Size, and Location," Agriculture Information Bulletin No. 230, Revised 1965.

Information on the studies can be obtained from Farm Production Economics Division, Economic Research Service, U.S. Department of Agriculture, Washington, D.C. 20250.

COSTS AND RETURNS

COMMERCIAL BROILER FARMS

MAINE, DELMARVA, AND GEORGIA, 1965

David T. Mateyka and Frank D. Reed¹

SUMMARY

In 1965, net farm income for typical broiler farms ranged from no change in Maine to 126 percent above the previous year in Georgia (fig. 1). Cash receipts from broilers were up substantially for all farms. However, those farms which also sell crops showed the most improvement in both cash and net farm income. Net incomes for commercial broiler farms in these important producing areas averaged as follows:

	<u>1964</u>	<u>1965</u>	<u>Percentage change</u>
Maine.....	\$3,559	\$3,551	0
Delmarva, broilers.....	2,433	2,743	13
Delmarva, broiler-crop..	5,998	8,653	44
Georgia.....	707	1,599	126

Georgia growers benefited from a substantial increase in the contract grower's rate per 1,000 for their broilers. Contract payments per 1,000 birds produced increased from \$61 in 1964 to \$75 in 1965. Crop and live-stock receipts were also above the previous year, mainly because of better meat animal prices and better crop yields.

Delmarva broiler payments increased slightly during 1965. Increased broiler production affected a further rise in receipts and net farm income for both the specialized grower operators and the broiler-crop farms. However, the broiler-crop farmers experienced an excellent crop year. Corn and soybean yields were record-high, aiding in a gain of about \$2,655 per farm from crops alone.

Cash receipts of broiler producers in Maine were \$220 per farm, higher than in 1964, but higher operating expenses equaled this increase. Receipts from broilers rose because more birds were produced. Income from other sources, which is relatively minor, rose slightly.

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LOCATION OF TYPES OF FARMS STUDIED

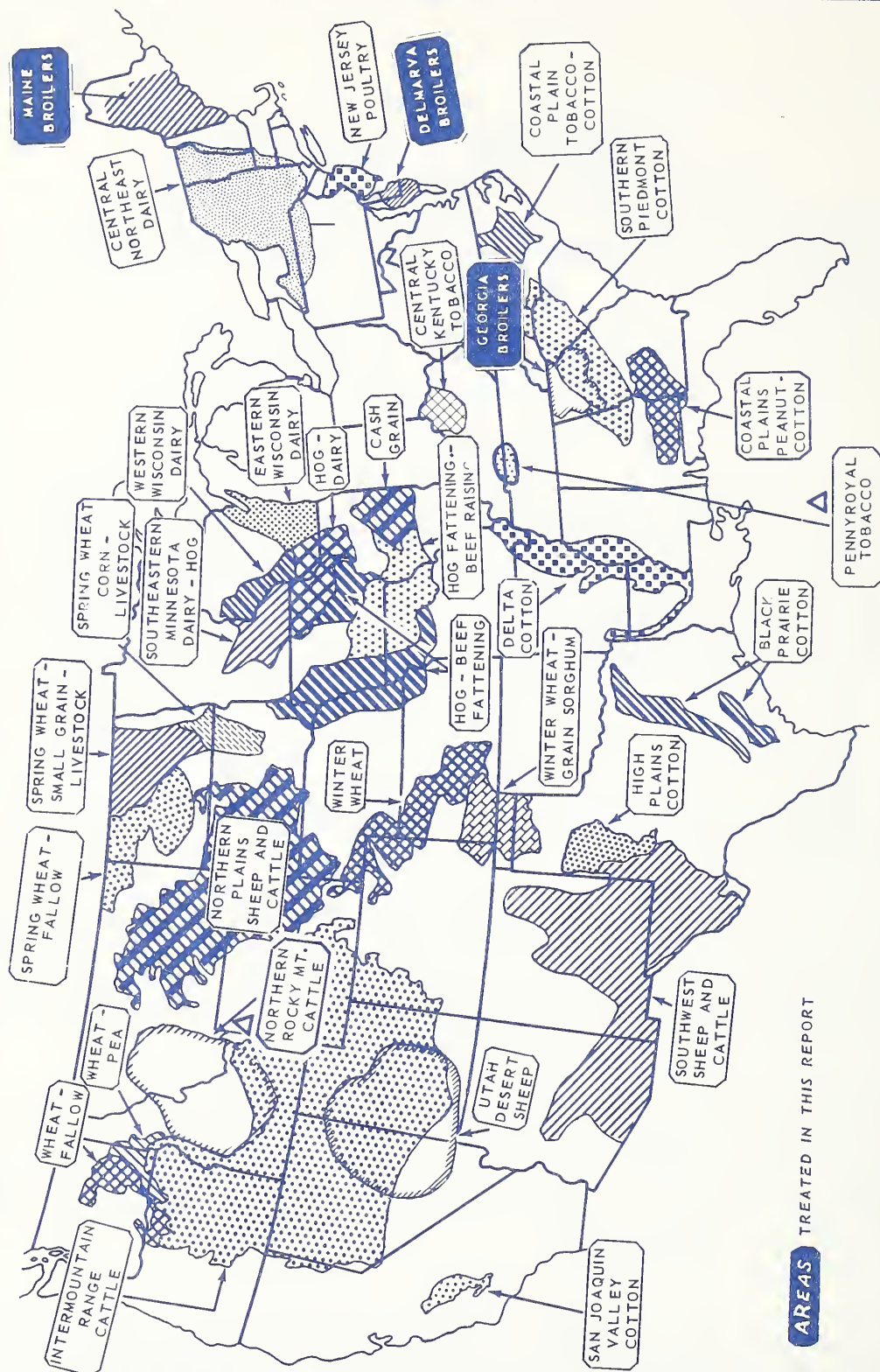


Figure 1

The 1964 and 1965 contractual payments per 1,000 birds produced in the 3 broiler-producing areas were as follows:

	<u>1964</u>	<u>1965</u>	<u>Percentage change</u>
Maine.	\$102	\$98	-3.9
Delmarva	77	78	1.9
Georgia.	61	75	23.0

These payments represent the gross income producers receive. This includes base payments for the broilers plus allowances for buildings, equipment, litter, and supplies furnished by the growers but reimbursed by the contractor. Georgia growers furnish most of their brooder fuel and litter. Together these items cost between \$9 and \$11 per 1000 birds produced.

In 1965, production per farm expanded in all 3 geographic areas. Larger building capacity, slightly more lots of birds produced, and greater density of birds per square foot of floor space contributed to higher output per farm. Growers in each area averaged 4 lots or more in 1965. The average number of birds produced per farm in 1964 and 1965 for these growers were as follows:

	<u>1964</u>	<u>1965</u>	<u>Percentage change</u>
Maine.	67,900	72,802	7
Delmarva, broiler.	53,237	57,376	8
Delmarva, broiler-crop..	59,590	63,630	7
Georgia.	28,314	32,594	15

Maine

In 1965, net farm income for commercial broiler growers in Maine averaged \$3,551. This was about the same as in 1964 (table 1). Increased broiler production per farm, attained largely from increased bird concentration per square foot of floor space, offset a decrease in payment per 1,000 birds and higher operating expenses. The gross farm income of \$7,782 was \$234 above that received in 1964.

Growers averaged about 4.3 lots per farm in 1965. They started 17,500 chicks (not including extras) per lot. Total production averaged 72,800 birds (broilers and roasters) per farm, 7 percent above a year earlier. Death loss increased substantially to 3.7 percent of the chicks

started. The higher death loss rate was probably due to the higher bird density per house during 1965.

Contractual returns were \$7,135 per farm in 1964 compared with \$6,926 for the previous year. The contractual payment averaged \$98 per 1,000 birds produced in 1965, down \$4 from a year earlier. This average payment represents a composite rate per 1,000 for both broilers and roasters. Payments for roasters ranged from 40 to 80 percent higher than those for broilers, to compensate for the additional time, space, and expense to the grower.

The basic contract, and the one most commonly used in Maine, pays on the basis of so much per square foot per week. Broiler contracting

Table 1.--Organization, production, costs and returns,
commercial broiler farms, Maine, 1964 and 1965

Item	Unit	AVERAGE 1957-59	1964	1965 <u>1/</u>
Land in farm.....	Acre	102	88	88
Cropland harvested.....	do.	3.6	2.5	2.5
Hay harvested.....	do.	3.6	2.5	2.5
Hay yield per harvested acre.....	Ton	1.20	1.10	1.10
Broilers started, per lot.....	Number	13,951	16,429	17,540
Broilers produced annually:				
Number.....	do.	54,790	67,900	72,802
Pounds.....	Pound	208,215	278,390	298,488
Tractors on farm.....	Number	.56	.51	.49
Total labor used.....	Hour	2,300	2,330	2,440
Operator and family.....	do.	1,910	1,960	2,050
Hired.....	do.	390	370	390
Total farm capital, Jan. 1.....	Dollar	23,970	33,710	35,370
Land and buildings.....	do.	17,690	24,340	25,510
Machinery and equipment.....	do.	6,280	9,370	9,860
Total cash receipts.....	do.	5,645	7,162	7,382
Broilers.....	do.	5,253	6,926	7,135
Crops.....	do.	110	73	74
Forest products.....	do.	98	94	94
Other, including Government payments.....	do.	184	69	79
Value of perquisites.....	do.	329	386	400
Gross farm income.....	do.	5,974	7,548	7,782

Table 1.--Organization, production, costs and returns,
commercial broiler farms, Maine, 1964 and 1965--Continued

Item	Unit	AVERAGE 1957-59	1964	1965 <u>1/</u>
Total cash expenditures <u>2/</u>	Dollar	3,841	4,725	4,725
Farm buildings.....	do.	1,245	1,843	1,651
Machinery.....	do.	1,451	1,445	1,510
Hired labor.....	do.	407	429	484
Taxes.....	do.	314	477	509
Electricity and miscellaneous broiler expense.....	do.	358	433	468
Other.....	do.	66	98	103
Inventory adjustment, machinery and buildings.....	do.	- 723	- 736	-494
Total operating expenses.....	do.	3,118	3,989	4,231
Net farm income.....	do.	2,856	3,559	3,551
Purchasing power in 1947-49 dollars.....	do.	2,433	2,893	2,818
Charge for capital at current interest rates.....	do.	1,321	1,938	2,034
Return per hour, operator and family labor.....	do.	.80	.83	.74
Charge for capital at 4.1 percent interest.....	do.	983	1,382	1,450
Return per hour, operator and family labor.....	do.	.98	1.11	1.02
INDEX NUMBERS (1957-59=100):				
Gross farm income.....	---	100	126	130
Net farm income.....	---	100	125	124
Net farm production.....	---	100	118	126
Broilers produced annually.....	---	100	134	143
Production per hour of man labor.....	---	100	116	119
Production per unit of input.....	---	100	103	106
Operating expense per unit of production.....	---	100	108	108
Total cost per unit of production.....	---	100	105	107
Power and machinery (quantity).....	---	100	117	120
Prices received for products sold.....	---	100	109	103
Prices paid, including wages to hired labor.....	---	100	106	108

1/ Preliminary.

2/ Feed, chicks, medicines, fuel, litter, and miscellaneous items are supplied by the broiler contracting firms.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

firms generally guarantee a minimum of 0.7 to 1.0 cent per square foot per week. However, it appears that each year more bonus or incentive clauses are included in the contracts. Bonuses are based on such things as: weight and feed conversion plans, cost of production, rank among other growers, and average costs. Other extra payments were given for light, heat, condemnation, and mortality. These latter benefits were generally not too significant. Total payments received during 1965 on the basis of floor rent per square foot were 5 to 6 percent above 1964.

Some growers received added premiums because of the increase in number of birds per square foot. Birds grown in windowless or completely insulated houses often brought this type of bonus. Under these plans, floor space averaged 0.8 square feet or less per bird.

Contracting firms (processors) pulled their broilers at 8-1/2 to 9 weeks. These birds weighed about 3.8 pounds. Some birds (mostly cockerels) were fed for a longer period and attained heavier weights. These birds, classified as roasters, (fed 12 to 13-1/2 weeks) generally weighed between 5-1/2 and 7 pounds. Roasters comprised 11 percent of the total birds produced in 1965. The roaster grow-out period took 92 days on the average during 1965.

In 1965, typical growers grossed \$168 per farm from the sale of hay and wood products and income from various Government programs. This was about the same as in 1964. These products were not too important on most of the broiler farms and income so derived comprised only 2 percent of total cash receipts.

In 1965, operating expenses per farm increased from \$3,989 to

\$4,231. About two-thirds of the gross operating costs are fixed costs and increase proportionately with broiler capacity per farm. Variable costs associated with broiler production increase as the number of birds produced increases but they are also closely related to capacity. Capacity per farm and number of lots grown has been increasing. The increase in both of these items has affected higher variable costs each year.

In past years, new construction in Maine has barely kept pace with abandonment and obsolescence. Construction during the last 2 years appears to have added some capacity. This does not mean an increase in number of houses, but slightly bigger and better ones. Construction costs have climbed steadily following the increase in cost of materials and labor. The larger house utilizes the central heating system and other equipment to maximum capacity. Its better and more thorough insulation permits a higher bird density. These factors all tend to lower the construction cost per bird. House occupancy also appears to be approaching a maximum which would tend to decrease the fixed cost per unit of production. Last year houses were occupied between 45 and 47 weeks of the year. With an average of 4.3 batches per farm, average cleanout time between lots was only 10 to 12 days.

Delmarva, Broiler

Net farm income on Delmarva specialized broiler farms averaged \$2,743 per farm in 1965. This was \$310 more per farm than a year earlier and about 2-1/2 times the net income received in the 1957-59 period (table 2). These growers operate broiler enterprises only.

They have discontinued crop and livestock farming and have either sold or rented out their cropland. Some of the growers have regular off-farm employment.

Both the specialized growers and the broiler-crop producers received the same contractual payment, averaging \$76 per 1,000 birds started in 1965 compared with \$72 a year earlier. Contracting firms in this area pay their growers on the basis of broilers placed on the farm, not on the number of birds produced. Based on the number of birds produced, the average in 1965 was \$78.50 per 1,000 compared with \$77 during 1964. These payments include electrical, house insulation, profit bonus, or other allowance given to the grower.

Types and differences in contracts varied considerably, as in previous years. Guaranteed payments ranged from \$50 to \$70 per 1,000 birds started. Some contracts were based strictly on profits and as such carried no guaranteed minimum. Many contracts contain incentive clauses and bonuses based on feed conversion or rank among other growers. Apparently, contractors are offering more incentive payments each year to encourage better management and performance. These additional premiums paid to the top growers are exceptionally impressive. They are impressive because payments may run \$60 to \$70 per 1,000 above costs while the less efficient producer may receive payments that barely recover his costs. Payments to the best growers are often more than double those received by the less efficient producer. Where profit clauses and market prices are incorporated into a contract, payments can exceed \$120 per 1,000. This was the case during the last few months of 1965, when

wholesale-retail prices of broilers improved.

During 1965, contractors paid from 1.8 to 2.0 cents per pound liveweight. These were averages for the year. Actual payments for particular lots probably ranged considerably more or less than these amounts depending on market conditions at time of purchase. Birds averaged 3.8 pounds for the year, about the same as in 1964. There was some variation in average weight as certain processors prefer to market birds at slightly lighter or heavier weights depending on the market.

The average weight, age, and space utilized per bird has stabilized somewhat in Delmarva. This may mean optimal efficiency is being obtained as far as these factors are concerned. Average weight has remained close to 3.8 for the past 4 years but has shown some tendency to push to 3.9 pounds per bird. Floor space per bird has held steadily at 0.8 per bird in recent years. But, rapid expansion in production among current operators such as we have witnessed since 1963 has forced some birds to be grown at 0.65 or 0.70 square feet. Technology has lowered average age at market time steadily and consistently, but now apparently at a diminishing rate. Improvements in feed conversion also become more difficult each year. In years past it has not been difficult for contractors to lower feed conversion. Lowering of feed conversion is no longer "automatic" and easy. Some companies show little or no improvement. The average for the entire industry, however, will continue to show some improvement because of advances in technology and because the less efficient operators produce a smaller proportion of total production each year.

Table 2.--Organization, production, costs and returns,
commercial broiler farms, Delmarva, 1964 and 1965

Item	Unit	AVERAGE 1957-59	1964	1965 <u>1/</u>
Land in farm.....	Acre	5	5	5
Birds started, per lot.....	Number	9,110	13,721	14,457
Broilers produced annually:				
Number.....	do.	30,557	53,237	57,376
Pounds.....	Pound	105,805	202,301	218,029
Tractors on farm.....	Number	.19	.21	.21
Total labor used.....	Hour	1,250	1,840	1,930
Operator and family.....	do.	880	1,600	1,680
Hired.....	do.	370	240	250
Total farm capital, Jan. 1.....	Dollar	11,110	20,090	20,960
Land and buildings.....	do.	9,480	17,320	18,000
Machinery and equipment.....	do.	1,630	2,770	2,960
Total cash receipts.....	do.	2,163	4,116	4,504
Broilers.....	do.	2,163	4,116	4,504
Other, including Government payments.....	do.	---	---	---
Value of perquisites.....	do.	452	586	595
Gross farm income.....	do.	2,615	4,702	5,099

Table 2.--Organization, production, costs and returns,
commercial broiler farms, Delmarva, 1964 and 1965--Continued

Item	Unit	AVERAGE 1957-59	1964	1965 ^{1/}
Total cash expenditures ^{2/}	Dollar	2,153	3,038	3,391
Electricity and miscellaneous broiler expense.....	do.	111	188	198
Machinery.....	do.	795	932	1,010
Farm buildings.....	do.	784	1,485	1,701
Hired labor.....	do.	371	254	288
Taxes.....	do.	54	115	127
Other.....	do.	38	64	67
Inventory adjustment, machinery and buildings.....	do.	-682	-769	-1,035
Total operating expenses.....	do.	1,471	2,269	2,356
Net farm income.....	do.	1,144	2,433	2,743
Purchasing power in 1947-49 dollars.....	do.	974	1,978	2,177
Charge for capital at current interest rates.....	do.	613	1,205	1,258
Return per hour, operator and family labor.....	do.	.60	.77	.88
Charge for capital at 4.1 percent interest.....	do.	456	824	859
Return per hour, operator and family labor.....	do.	.78	1.01	1.11
INDEX NUMBERS (1957-59=100):				
Gross farm income.....	---	100	180	195
Net farm income.....	---	100	213	240
Net farm production.....	---	100	160	171
Broilers produced annually.....	---	100	191	206
Production per hour of man labor.....	---	100	108	111
Production per unit of input.....	---	100	111	117
Operating expense per unit of production.....	---	100	97	94
Total cost per unit of production.....	---	100	107	107
Power and machinery (quantity).....	---	100	141	148
Prices received for products sold.....	---	100	111	113
Prices paid, including wages to hired labor.....	---	100	118	122

^{1/} Preliminary.

^{2/} Feed, chicks, medicines, and related items are supplied by the integrators.

Note: Information is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

Total operating expenses rose about 4 percent between 1964 and 1965. Most of the increase was attributed to higher unit prices and higher costs for taxes and insurance. Some of the increases incurred were variable costs which resulted from expanded broiler production. Fixed costs associated with capacity were higher because of the increase in capacity per farm. Total costs for labor were up from 1964, primarily due to higher wage rates.

New housing construction in 1965 exceeded that of 1964 and helped increase the capacity of the average farm. Building costs were about 5 percent higher in 1965 than in 1964. Each year more multi-story (2- and 3-story) houses are built. These structures including equipment may run \$1.30 a square foot. Some producers have had splendid performance records with these multi-story structures, while others have had unimpressive results. Multi-story buildings will increase in popularity because the advantages of central heating, feed handling, less labor and lower land taxes outweigh the slightly higher cost per square foot. These buildings require less maintenance and upkeep. Practically all new construction, single or multi-story, is insulated.

Delmarva, Broiler-Crop

In 1965, net income on contract broiler-crop farms averaged \$8,653 per farm (table 3). This was \$2,655 more per farm than the previous record high of 1964. Receipts from both broilers and crops were substantially above 1964. There was an increase of 9 percent in farm operating expenses over 1964, but it was more than offset by the increase in cash income.

Corn, soybeans, and broilers all brought record-high receipts during 1965. Corn sales totaled \$4,817 and soybean sales \$2,958 per farm. The price of corn was down from 1964, but a record yield of 78 bushels per acre and 53 acres per farm resulted in a production of about 4,100 bushels per farm. Soybean prices were also less than the previous year, but a record high yield of 28 bushels per acre caused record high soybean income despite a 12 percent reduction in acreage from the previous year.

Gross returns from broilers increased from \$4,607 per farm in 1964 to \$4,996 in 1965. This increase came from more broilers produced and a higher contractual payment. Contract payments averaged \$78.50 per 1,000 birds produced in 1965 compared with \$77 in 1964.

In 1965 these farmers had an average broiler capacity of 16,230 birds per lot compared with 15,553 during 1964. They produced 63,630 birds during 1965, which was 4,040 more than the previous year. This meant an average of 4.1 lots per farm at full capacity.

Total farm operating expenses averaged \$4,840 per farm, up considerably from 1964. More money was spent per farm for such items as taxes, utilities, labor, repairs, and supplies. Some growers are reimbursed in part or entirely for electricity and minor supplies, but growers must pay for hired labor, custom work for crops and cleanout, and repairs to buildings and machines. These broiler-crop growers had the same type of contract as did the specialized broiler producers.

Georgia

In 1965 net farm income for commercial broiler growers in Georgia averaged \$1,599, a record high. This was more than double the 1964 net income per farm and \$600 above the 1957-59 average (table 4). Income from all sources was up substantially, but an increase in broiler sales contributed most of the increase in receipts in 1965. Cash expenditures were also higher during 1965, but did not rise nearly as much as receipts.

Total production for the year averaged 32,594 birds per farm, up 4,280 from 1964. The increase in production resulted mainly from an increase in average grower capacity. Growers had an average capacity of 8,435 birds per lot during 1965. Turnover was about the same as in 1964 with an average of 4.0 lots per year per grower.

Contract payments from broilers amounted to \$2,445 per farm, up \$718 from a year earlier. The more favorable payment came from an increase in the number of birds produced and from a substantially higher price. Contractual payments in 1965 averaged \$75 per 1,000 broilers produced. This was \$14 per 1,000 more than the 1964 average contract payment. This better rate closed the gap somewhat between Georgia and Delmarva producers. However, Georgia growers must purchase most of their broiler fuel and litter. Together these items cost between \$9 and \$11 per 1,000 birds produced. Thus, Georgia growers are still at somewhat of a price disadvantage when compared with growers in other areas.

Contracts in force during 1965 were similar to those the previous year. Minimum guarantees, as in

previous years, were based on either so much per pound, or feed-conversion rate, or current market prices. Penalties were forthcoming when feed-conversion, mortality, or condemnations exceeded certain pre-established minimums. Upper limits of some of these contracts were increased during 1965. For example, some contracts moved from a maximum of 2.0 cents a pound to 2.5 cents. Rates that were tied in with current market prices were increased also. Some fuel assistance, premiums for insulation, and profit payments were given in 1965. It seems there are more of these incentive benefits being incorporated into Georgian contracts each year.

Growers averaged about 2.1 cents per pound for all birds produced during 1965. For the year, the average ranged from 2.0 to 2.3 cents. For individual lots this range varied more depending on the time of year. Prices during the beginning of the year were not too favorable and most flocks probably brought less than 2.0 cents a pound, while by the end of the year many lots brought more than 2.3 cents. Average liveweight of all lots sold was a little over 3.5 pounds per bird. Average age was 62 days and varied by contractor and his market.

Floor space did not change much, but was probably a little less per bird during 1965. Because of the expanded production in 1965, several hundred extra chicks were often put in each lot. In past years birds were generally grown on 1.0 square feet of floor space. During 1965 this average fell to about 0.90 and many birds were grown on 0.80 square feet. In spite of the increase in density, mortality and condemnation rates dropped slightly. These factors indicate overall improvement in management practices.

Table 3.--Organization, production, costs and returns, commercial broiler-crop farms,
Delmarva, 1964 and 1965

Item	Unit	AVERAGE 1957-59	1964	1965 <u>1/</u>
Land in farm.....	Acre	106	114	116
Cropland harvested.....	do.	79	94	97
Crops harvested:				
Corn.....	do.	37.8	43.1	52.6
Soybeans.....	do.	40.9	50.8	44.7
Crop yields per harvested acre:				
Corn.....	Bushe1	48.8	56.2	77.6
Soybeans.....	do.	22.4	15.1	27.8
Broilers started, per lot.....	Number	10,401	15,553	16,230
Broilers produced annually:				
Number.....	do.	38,014	59,590	63,630
Pounds.....	Pound	131,574	226,442	241,794
Tractors on farm.....	Number	1.30	1.48	1.50
Total labor used.....	Hour	2,230	2,680	2,850
Operator and family.....	do.	2,010	2,370	2,510
Hired.....	do.	220	310	340
Total farm capital, Jan. 1.....	Dollar	30,910	51,320	56,820
Land and buildings.....	do.	23,720	40,900	45,850
Machinery and equipment.....	do.	7,130	10,420	10,970
Crops and livestock.....	do.	60	---	---
Total cash receipts.....	do.	7,068	9,812	12,849
Broilers.....	do.	2,680	4,607	4,996
Crops.....	do.	4,254	5,119	7,775
Livestock and livestock products.....	do.	91	---	---
Other, including Government payments.....	do.	43	86	78
Value of perquisites.....	do.	501	631	644
Change in inventory of crops and livestock.....	do.	-12	---	---
Gross farm income.....	do.	7,557	10,443	13,493

Table 3.--Organization, production, costs and returns, commercial broiler-crop farms,
Delmarva, 1964 and 1965--Continued

Item	Unit	AVERAGE 1957-59	1964	1965 ^{1/}
Total cash expenditures ^{2/}	Dollar	3,623	5,095	5,769
Feed purchased and livestock expense.....	do.	53	46	51
Fertilizer and lime.....	do.	553	597	691
Other crop expense.....	do.	256	316	342
Machinery.....	do.	1,619	2,025	2,279
Farm buildings and fences.....	do.	638	1,378	1,597
Hired labor.....	do.	221	326	392
Taxes.....	do.	129	177	177
Other.....	do.	154	230	240
Inventory adjustment, machinery and buildings.....	do.	-398	-650	-929
Total operating expenses.....	do.	3,226 ⁵	4,445	4,840
Net farm income.....	do.	4,331 ²	5,998	8,653
Purchasing power in 1947-49 dollars.....	do.	3,684	4,876	6,867
Charge for capital at current interest rates.....	do.	1,742	3,126	3,463
Return per hour, operator and family labor.....	do.	1.29	1.21	2.07
Charge for capital at 4.1 percent interest ^{3/}	do.	1,307	2,151	2,384
Return per hour, operator and family labor.....	do.	1.50	1.62	2.50
INDEX NUMBERS (1957-59=100):				
Gross farm income.....	---	100	138	179
Net farm income.....	---	100	138	200
Net farm production.....	---	100	125	172
Broilers produced annually.....	---	100	172	184
Production per hour of man labor.....	---	100	104	135
Production per unit of input.....	---	100	103	134
Operating expense per unit of production.....	---	100	110	88
Total cost per unit of production.....	---	100	112	91
Power and machinery (quantity).....	---	100	129	130
Prices received for products sold.....	---	100	110	104
Prices paid, including wages to hired labor.....	---	100	109	113

^{1/} Preliminary. ^{2/} Feed, chicks, medicines, fuel, litter, and miscellaneous items are supplied by the broiler contracting firms. ^{3/} Invested capital at 4.1 percent and production credit at current short-term interest rates charged by production credit associations on loans outstanding.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

Table 4.--Organization, production, costs and returns, commercial
broiler farms, Georgia, 1964 and 1965

Item	Unit	AVERAGE 1957-59	1964	1965 <u>1</u> /
Land in farm.....	Acre	64	65	65
Cropland harvested.....	do.	6.29	3.50	3.50
Crops harvested:				
Corn.....	do.	4.34	2.60	2.80
Hay.....	do.	1.95	.90	.70
Crop yields per harvested acre:				
Corn.....	Bushel	28.1	42.0	51.0
Hay.....	Ton	1.17	1.65	1.71
Livestock on farm, Jan. 1:				
All cattle.....	Number	6.06	6.72	7.00
Hogs.....	do.	2.60	.70	.60
Broilers started, per lot.....	do.	6,317	7,335	8,435
Broilers produced annually:				
Number.....	do.	22,083	28,314	32,594
Pounds.....	Pound	70,665	96,268	114,079
Tractors on farm.....	Number	.60	.64	.64
Total labor used.....	Hour	1,690	1,560	1,650
Operator and family.....	do.	1,580	1,430	1,520
Hired.....	do.	110	130	130
Total farm capital, Jan. 1.....	Dollar	12,610	17,580	18,940
Land and buildings.....	do.	8,320	12,610	14,020
Machinery and equipment.....	do.	3,540	4,080	4,130
Crops and livestock.....	do.	750	890	790
Total cash receipts.....	do.	2,012	2,141	2,994
Broilers.....	do.	1,590	1,727	2,445
Crops.....	do.	22	78	119
Livestock and livestock products.....	do.	239	159	226
Other, including Government payments.....	do.	161	177	204
Value of perquisites.....	do.	465	493	543
Change in inventory of crops and livestock.....	do.	13	-37	-13
Gross farm income.....	do.	2,490	2,597	3,524

Table 4.--Organization, production, costs and returns, commercial
broiler farms, Georgia, 1964 and 1965--Continued

Item	Unit	AVERAGE 1957-59	1964	1965 <u>1/</u>
Total cash expenditures <u>2/</u>	Dollar	1,853	1,849	2,196
Feed purchased and livestock expense.....	do.	336	397	437
Fertilizer and lime.....	do.	42	29	30
Other crop expense.....	do.	4	4	4
Machinery.....	do.	950	903	965
Farm buildings and fences.....	do.	373	280	501
Hired labor.....	do.	64	95	107
Taxes.....	do.	38	73	77
Other.....	do.	46	68	75
Inventory adjustment, machinery and buildings.....	do.	-349	41	-271
Total operating expenses.....	do.	1,505 ⁴	1,890	1,925
Net farm income.....	do.	985	707	1,599
Purchasing power in 1947-49 dollars.....	do.	840	575	1,269
Charge for capital at current interest rates.....	do.	695	1,055	1,136
Return per hour, operator and family labor.....	do.	.18	-.24	.30
Charge for capital at 4.1 percent interest.....	do.	517	721	777
Return per hour, operator and family labor.....	do.	.30	<u>3/</u>	.54
INDEX NUMBERS (1957-59=100):				
Gross farm income.....	---	100	104	142
Net farm income.....	---	100	72	162
Net farm production.....	---	100	113	131
Broilers produced annually.....	---	100	136	161
Production per hour of man labor.....	---	100	122	134
Production per unit of input.....	---	100	107	121
Operating expense per unit of production.....	---	100	112	99
Total cost per unit of production.....	---	100	110	101
Power and machinery (quantity).....	---	100	97	97
Prices received for products sold.....	---	100	86	103
Prices paid, including wages to hired labor.....	---	100	110	113

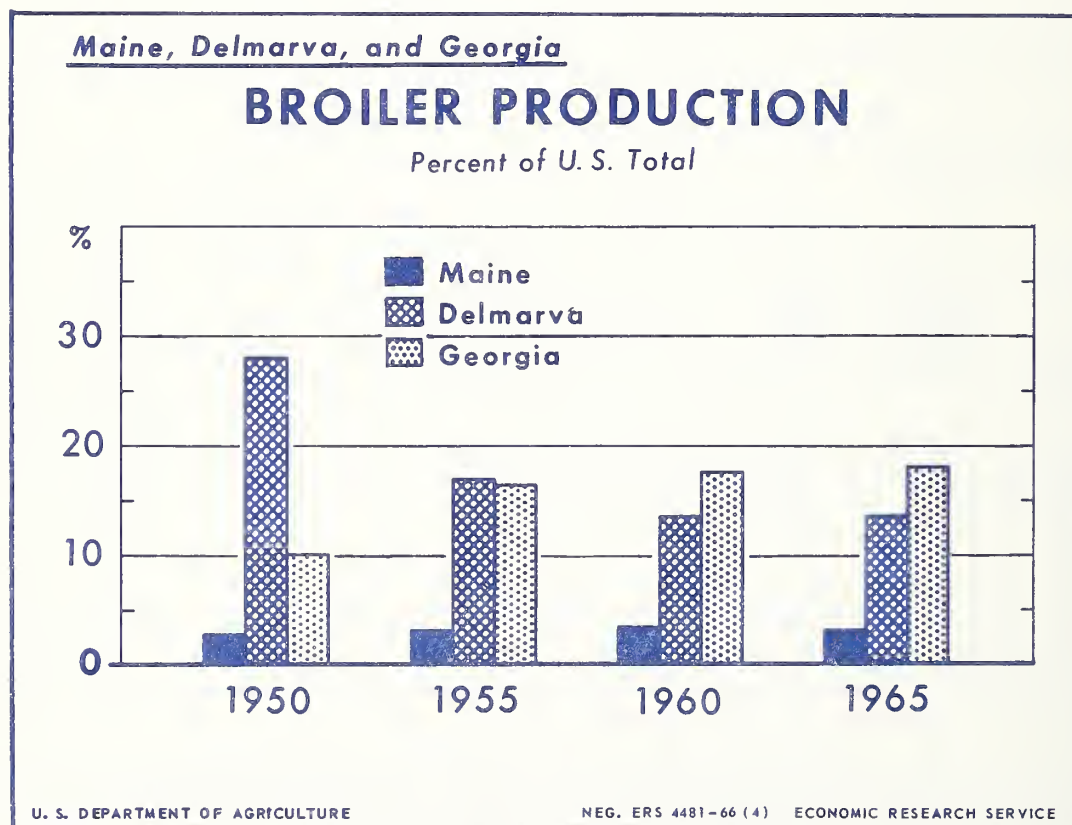
1/ Preliminary. 2/ Feed, chicks, medicines, and miscellaneous items are supplied by the broiler contracting firms. 3/ Less than 0.01.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

Cash receipts on these farms from the marketings of cattle, hogs, corn, and forest products increased in 1965. Higher cattle and hog prices, plus better crop yields were responsible for these increases. Government payments were also up from the previous year.

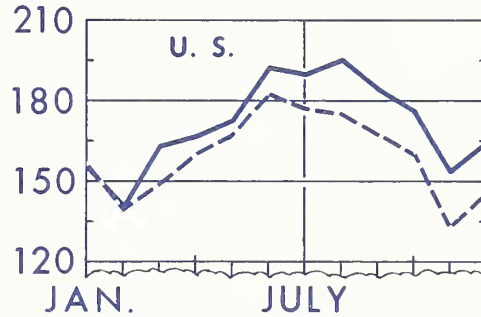
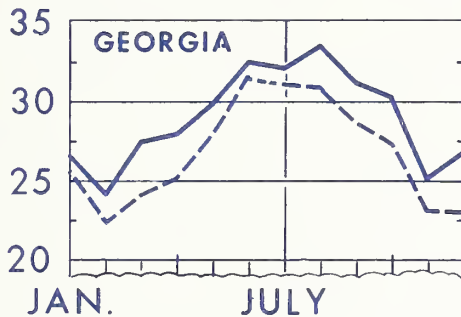
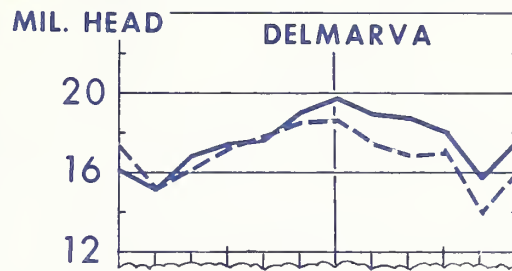
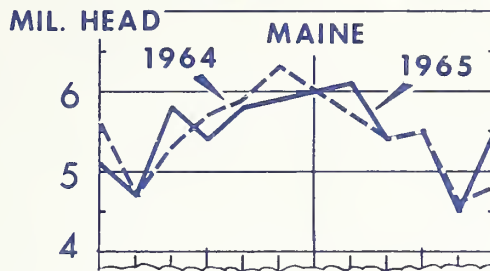
Gross operating expenses averaged \$1,925 per farm compared with \$1,890 during 1964. More was spent for all items. The unit cost was up for most items, the main exception being lower feed costs per 100 pounds. The major cost increases associated with the broiler enter-

prise occurred in litter, fuel, and hired labor. Cash expenditures for new buildings were up substantially. New construction exceeded replacement with a resulting increase in average capacity per grower. Most buildings erected during 1965 were insulated and were of better construction than their predecessors. Costs often exceed 65 cents per square foot. This expansion is expected to carry over into 1966 to meet the needs of expanded production and to enhance improvement in management which these modern buildings permit.



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YOUNG CHICKENS SLAUGHTERED



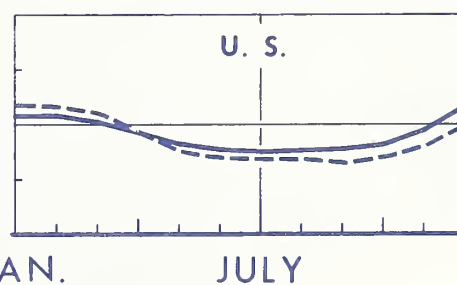
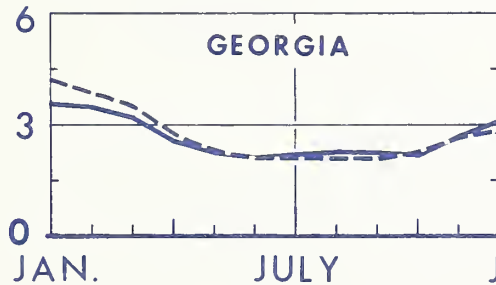
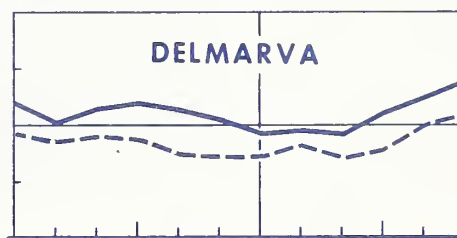
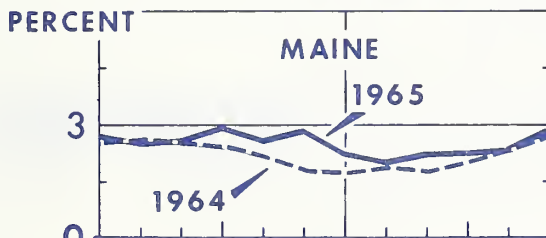
UNDER FEDERAL INSPECTION.

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Maine, Delmarva, Georgia, and U. S.

POST-MORTEM CONDEMNATION*



* POUNDS OF YOUNG CHICKENS CONDEMNED AS PERCENT OF N.Y. DRESSED WEIGHT OF QUANTITY INSPECTED.

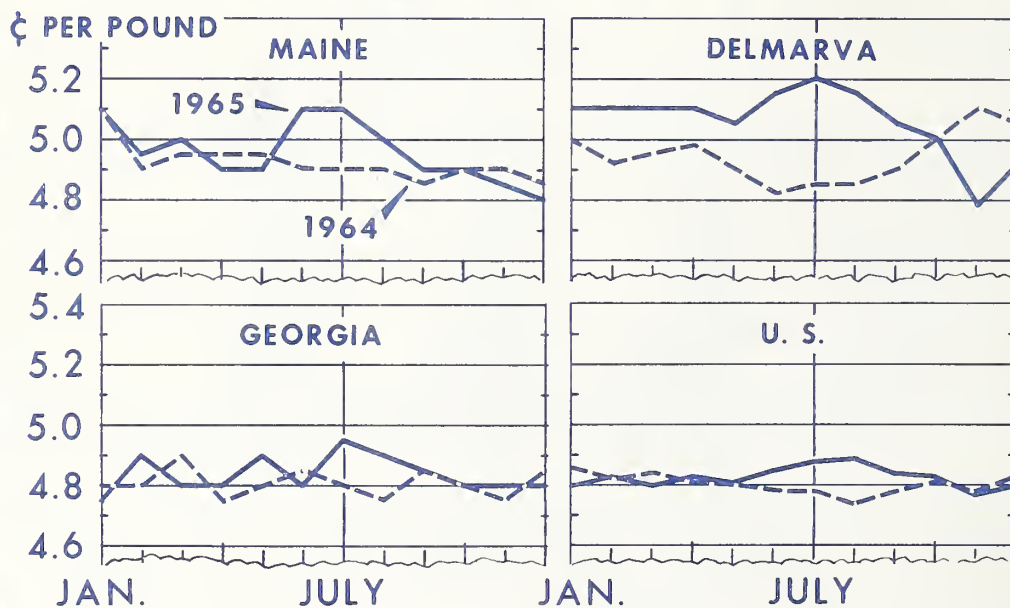
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NEG. ERS 4479-66 (4) ECONOMIC RESEARCH SERVICE

OFFICIAL BUSINESS

Maine, Delmarva, Georgia, and U. S.

PRICES PAID FOR BROILER MASH



U. S. DEPARTMENT OF AGRICULTURE

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